

## Follow These 5 Steps To Become Debt Free

If you are struggling trying to get out of debt, there are many solutions available for you. As the saying goes, knowledge is power. Follow these steps on your road to becoming debt free.

Since credit exists and it is easy to overspend, we are up and down managing our finances, often in the same way that a sailor without instruments is unable to see the Northern star.

But, if you use the right tools and strategies in your daily life, you can get out of financial hardship and eventually become debt free. That is the ultimate goal of everyone.

Read all you can about the subject of personal debt and budgeting and make a list of what you are paying out each month compared to your income. Write everything down and as is the case with most people, you might be surprised at how much money is really slipping through your fingers each month. If you do not do this, then you will never know where you stand financially and without a doubt, you will always find yourself getting into more and more debt. It has to stop somewhere. If you do not want to take control of your finances, then sooner or later, credit cards and other lenders will control you.

Follow these 5 simple steps :

1. Credit reports - Before you apply for a loan, best to check your credit report to see if there are any errors in it. Lenders will look at this and decide if you qualify for a loan based on your credit history. Get a copy of your credit report at one of the three credit bureaus, namely, Equifax.com, Transunion.com, or Experian.com.
2. Mortgage refinancing - is a convenient source of freeing up needed cash to pay off debts, since it involves purchasing a new home loan with better repayment terms and lower interest rates.
3. Debt consolidation loans - although debt consolidation is an instance used more often to reduce the charges derived from high-interest credit cards, these type of loans are intended for consolidating any debt you are carrying.
4. Money Budgeting is the best way for tackling any financial need. Saving rebate money or pocket change is a good start for anyone along with a written budget and financial plan. Reserve credit transactions for college education, major purchases and emergencies.
5. Consumer credit counseling advisors recommend setting up a budget and changing spending habits before you refinance or make any other credit decisions. Make realistic goals and learn to maintain your budget and live within it.

After some weeks you will begin to see results that will please you greatly. Take small steps like paying off your smallest creditors first and you will start to build some momentum. Also, remember to avoid late payments to creditors because it can hurt your credit rating and your ability to obtain credit (car loans, mortgages, debt consolidation loans) of any kind in the future.

Take some action, read more about the subject and visit and talk to your bank, or go and see a consumer credit counselor for advice.

Source: <http://www.articlecircle.com>

### About the Author

Ken Black is the owner of <http://www.DebtReorg.com>, a site dedicated to providing helpful information about debt help, controlling debt, money budgeting and more.